



ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES

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FEDERAL COMMUNICATIONS COMMISSION
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March 27, 2001

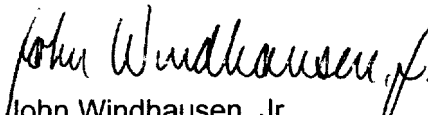
Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW- TW - A235
Washington, DC 20554

Re: Deployment of Wireline Services Offering Advanced Telecommunications
Capability, CC Dkt. No. 98-147, Second Further Notice of Proposed
Rulemaking

Dear Ms. Salas:

Please file the attached letter as an *ex parte* in the above captioned proceeding.

Sincerely,


John Windhausen, Jr.
President

CC: Chairman Michael Powell
Commissioner Gloria Tristani
Commissioner Harold Furchgott-Roth
Commissioner Susan Ness

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ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES

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FEDERAL COMMUNICATIONS COMMISSION
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Ms. Dorothy Attwood
Chief, Common Carrier Bureau
Federal Communications Commission
445 Twelfth Street, S.W.
Washington DC 20554

Re: Deployment of Wireline Services Offering Advanced Telecommunications
Capability, CC Dkt. No. 98-147, Second Further Notice of Proposed
Rulemaking

Dear Ms. Attwood:

The Association for Local Telecommunications Services (ALTS) writes this letter in support of Conversent Communications' letter dated March 6, 2001, in the above captioned proceeding. Conversent's letter addresses the critical issue of power resources to CLEC collocation spaces, for caged and cageless arrangements.

As you are aware, Verizon repeatedly and blatantly overcharges for power resources, which are necessary for the function of a CLEC's collocated equipment. CLECs must purchase their power from Verizon according to state and federal tariffs, expecting to be charged for the power ordered and used. CLECs do not have the option of purchasing the power directly from the local utility and must, instead, rely on Verizon. As Conversent demonstrates in its letter, Verizon overcharges CLECs for power in a number of ways. In addition to assessing power charges under its state tariffs that are 3-6 times its federal rates,¹ Verizon charges CLECs for power on a "fused" amp basis, which results in CLECs being charged for 1.5 times the power they actually use.² Also, Verizon's state tariffs assess CLECs for power on a per feed basis. This practice alone can double a CLEC's power costs. Finally, Verizon begins charging CLECs for power even before Verizon has "turned on" the power source for the collocation arrangement and even before CLEC equipment has been installed or is operational. Despite repeated requests for cost data, Verizon has refused to justify the cost of these overcharges.

¹ While Verizon's federal per amp rates are substantially lower than its state rates, its non-recurring federal collocation installation charges are substantially higher than comparable state rates. CLECs are therefore given the Hobson's choice of overpaying now or later.

² The sole exception to this practice in the former Bell Atlantic North states is Massachusetts, where Verizon recently independently "revised" its tariff. Verizon has also apparently agreed in the former Bell Atlantic South states to charge CLECs on a "load" amp, rather than "fused" amp basis (thus seemingly addressing this aspect of power overcharges). <http://www.alts.org/Filings/020601VerizonALTS.pdf> While ALTS agrees that CLECs should only pay for the power they drain and use, Verizon's change fixes only one aspect of the problem. Moreover, given that Verizon has recognized that it is inappropriate to charge for power on a fused amp basis, its strategy of litigating this issue on a piecemeal basis further supports the need, discussed below, for Commission intervention on a national basis.



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This is a serious problem faced by many CLECs in Verizon's service area, yet Verizon refuses to stop its practice of overcharging for power and continues to vehemently fight the issue.³ CLECs have been facing this issue for over one year and have repeatedly tried to work with Verizon first to identify the problem and, most importantly, to resolve the issue. However, when questioned about its activity, Verizon has been slow to respond.⁴ When Verizon did address the issue, it stated that the overcharges stem from "internal policy decisions".⁵ In a word, Verizon refuses to discontinue this anti-competitive practice. The unscrupulous overcharging by Verizon is unjust and unreasonable. As a result, CLECs have to charge more for their service to the end user, ultimately denying the consumer market choice and forcing CLECs into a classic price squeeze.

ALTS asks the Commission to quickly address Verizon's collocation power overcharges by prohibiting such practices as a matter of federal law. This is a serious service and competition issue facing CLECs today. ALTS requests the Commission to take a close look at Verizon and its unreasonable behavior and confirm that Verizon is violating Sections 251(c)(6) and 252(d)(1) of the Act by maintaining prices that are unjust. Moreover, given Verizon's continued intransigence on this front, and its repeated attempts to drag CLECs through endless and piecemeal proceedings in multiple states, it is imperative that the Commission resolve this issue by adopting national rules prohibiting such practices. In the meantime, Verizon continues to plow through the long distance market, gaining an unprecedented 1.2 million long distance customers in New York. CLECs, on the other hand, continue to struggle and in Pennsylvania alone have captured a mere 5.46% of the reported access lines since 1996.⁶

Wall street analysts are also aware of the problem, predicting that CLECs will see significant operational savings and reimbursements from Verizon when it is forced to cease its anti-competitive practices with regard to collocation power charges. In particular, as long as Verizon is able to drag this process out on a state-by-state basis, it will extend the time period during which it can collect these overcharges.⁷ Thus ALTS urges the Commission to take steps at the federal level to resolve this issue.

³ Cavalier Telephone has a petition pending in Pennsylvania regarding Verizon's charging practices for DC power in collocated space. See *Cavalier Telephone Mid-Atlantic, LLC Main Brief, Dkt. No. P-00001852*. To further aggravate the situation, on March 21, 2001, Verizon filed a Motion to Strike amicus letters filed by ALTS, Choice One, and Broadview Networks, claiming that the letters violated certain procedural rules. The CLECs filed letters in support of Cavalier's Petition because Verizon claimed that the collocation power issue was unique to Cavalier, and to Pennsylvania.

⁴ ALTS sent a letter to Verizon on September in which ALTS sought an explanation for the anti-competitive practices. Verizon responded four months later only after several phone calls and e-mails to Verizon. <http://www.alts.org/Filings/020601ALTSVerizon.pdf>

⁵ Verizon's response to ALTS failed to explain why Verizon continues to overcharge CLECs for power resources. <http://www.alts.org/Filings/020601VerizonALTS.pdf>

⁶ RBOC/ILEC Review and Update, December 4, 2000, Credit Suisse First Boston Corporation, page 9.

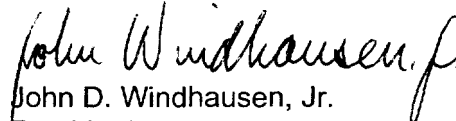
⁷ See Dain Rauscher Wessels Industry Commentary, issued March 19, 2001, by Jonathan Atkin (jatkin@dainrauscher.com) and David Coleman (dgcoleman@dainrauscher.com). "With much



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The collocation over-charges directly affect the service provided to end-users. ALTS urges the Commission to take prompt action in the above-captioned proceeding to prohibit Verizon's unreasonable and unjust conduct. ALTS believes that the Commission can act expeditiously on a national scale without forcing CLECs to seek other avenues of relief on a piecemeal basis.

Sincerely,


John D. Windhausen, Jr.
President

CC: Chairman Michael Powell
Commissioner Gloria Tristani
Commissioner Harold Furtchgott-Roth
Commissioner Susan Ness

attention centered on issues such as the future composition of the FCC and various Congressional committees and subcommittees, it is easy for CLEC investors to lose sight of the fact that basic "blocking and tackling" at the state level on the details of interconnection, collocation, and other issues have a real impact on network buildout and operations. Perhaps the most meaningful near-term issue affecting CLECs, or at least those operating in Verizon territory, pertains to power charges for equipment that is collocated at incumbent facilities. Alleged Verizon overcharging of CLECs for power in its central office collocations has led to formal complaints at the state level."